

## Senate Bill No. 1159

### CHAPTER 727

An act to add Chapter 8 (commencing with Section 127670) to Part 2 of Division 107 of, and to repeal the heading of Chapter 8 (formerly commencing with Section 127670) of Part 2 of Division 107 of, the Health and Safety Code, relating to health care.

[Approved by Governor September 27, 2016. Filed with  
Secretary of State September 27, 2016.]

#### LEGISLATIVE COUNSEL'S DIGEST

SB 1159, Hernandez. California Health Care Cost, Quality, and Equity Data Atlas.

Existing law establishes health care coverage programs to provide health care to segments of the population meeting specified criteria who are otherwise unable to afford health care coverage and provides for the licensure and regulation of health insurers and health care service plans.

This bill would require the California Health and Human Services Agency to research the options for developing a cost, quality, and equity data atlas. The bill would require the research to include certain topics, including, among others, identification of key data submitters and a comparative analysis of potential models used in other states. The bill would authorize the agency to enter into contracts or agreements to conduct the research and would require the agency to make the results of the research available to the public no later than March 1, 2017, by submitting a report to the Assembly and Senate Committees on Health.

*The people of the State of California do enact as follows:*

SECTION 1. (a) It is the intent of the Legislature in enacting this act that cost, quality, and equity data be made available and to encourage health care service plans, health insurers, and providers to develop innovative approaches, services, and programs that may have the potential to deliver health care that is both cost effective and responsive to the needs of all enrollees, including recognizing the diversity of California and the impact of social determinants of health.

(b) It is further the intent of the Legislature that a cost, quality, and equity data atlas be utilized in California to inform efforts to:

- (1) Assess California health care needs and available resources.
- (2) Contain the cost of health care services and coverage.
- (3) Improve the quality and medical appropriateness of health care.

(4) Eliminate or reduce health disparities and address the social determinants of health.

(5) Increase the transparency of health care costs and the relative efficiency with which care is delivered.

(6) Promote the use of disease management, wellness, prevention, and other innovative programs to keep people healthy, reduce disparities and costs, increase competition, and improve health outcomes for all populations.

(7) Assess the value and encourage the efficient utilization of prescription drugs and technology.

(8) Reduce unnecessary, inappropriate, and wasteful health care.

(9) Educate consumers in the use of health care information.

SEC. 2. The heading of Chapter 8 (formerly commencing with Section 127670) of Part 2 of Division 107 of the Health and Safety Code, as amended by Section 230 of Chapter 183 of the Statutes of 2004, is repealed.

SEC. 3. Chapter 8 (commencing with Section 127670) is added to Part 2 of Division 107 of the Health and Safety Code, to read:

#### CHAPTER 8. CALIFORNIA HEALTH CARE COST, QUALITY, AND EQUITY DATA ATLAS

127670. (a) The California Health and Human Services Agency shall research the options for developing a cost, quality, and equity data atlas that is consistent with paragraph (9) of subdivision (b) of Section 56.10 of the Civil Code. This research shall include all of the following:

(1) Identification of key data submitters, including health care service plans, specialized health care service plans, insurers licensed to provide health insurance, as defined in Section 106 of the Insurance Code, suppliers, as defined in paragraph (3) of subdivision (b) of Section 1367.50, providers, as defined in paragraph (2) of subdivision (b) of Section 1367.50, self-insured employers, multiemployer self-insured plans that are responsible for paying for health care services provided to beneficiaries, and trust administrators for multiemployer self-insured plans.

(2) A comparative analysis of potential models used in other states and an assessment of the extent to which information in addition to the following should be included in the cost, quality, and equity data atlas:

(A) Data from the health care service plans' and insurers' medical, dental, and pharmacy claims or, in the case of entities that do not use claims data, including, but not limited to, integrated delivery systems, encounter data consistent with the core set of data elements for data submission proposed by the All-Payer Claims Database Council, the University of New Hampshire, and the National Association of Health Data Organizations.

(B) Pricing information for health care items, services, and medical and surgical episodes of care gathered from allowed charges for covered health care items and services or, in the case of entities that do not use or produce individual claims, price information that is the best possible proxy to pricing information for health care items, services, and medical and surgical episodes

of care available in lieu of actual cost data to allow for meaningful comparisons of provider prices and treatment costs.

(C) Information sufficient to determine the impacts of social determinants of health, including age, gender, race, ethnicity, limited English proficiency, sexual orientation and gender identity, ZIP Code, and any other factors for which there is peer-reviewed evidence.

(D) Clinical data from health care service plans, integrated delivery systems, hospitals, and clinics, or any combination thereof, that is not included in the core set of data elements for data submission proposed by the All-Payer Claims Database Council and the National Association of Health Data Organizations.

(3) An assessment of types of governance structures that incorporate representatives of health care stakeholders and experts, including, but not limited to, representatives of data submitters and representatives of purchasers, such as businesses, organized labor, and consumers.

(4) Recommendations on potential funding approaches to support the activities of the cost, quality, and equity data atlas that recognize federal and state confidentiality of medical information laws.

(5) An assessment on the extent to which the cost, quality, and equity data atlas could be developed in conjunction with existing public or private activities, including an assessment of the tradeoffs associated with housing the atlas inside or outside of state government.

(6) Consultation with a broad spectrum of health care stakeholders and experts, including, but not limited to, representatives of purchasers, such as organized labor, consumers, and businesses.

(b) The agency may enter into contracts or agreements to conduct the research described in subdivision (a).

(c) (1) The agency shall make the results of the research described in subdivision (a) available to the public no later than March 1, 2017, by submitting a report to the Assembly and Senate Committees on Health.

(2) Pursuant to Section 10231.5 of the Government Code, this subdivision shall become inoperative on January 1, 2021.

(d) The agency may use federal funds for the purpose of this section.